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SUBJECT: MEDIA REACTION; CLASHES IN CHILE; SARKOZY'S COMMENTS ON  
ARGENTINA; IMPACT OF THE WORLD FINANCIAL CRISIS ON ARGENTINA;  
09/13/07

#### 1. SUMMARY STATEMENT

The most important international stories include the murder of a Chilean police officer on the 34th anniversary of the coup d'etat against former Chilean President Salvador Allende; French President Nicolas Sarkozy warning Argentina and other emerging powers that they should further open their industries in exchange for a reduction in farm subsidies; and the allegedly negative impact of the world financial crisis on Argentina's economic performance.

#### 2. OPINION PIECES AND EDITORIALS

- "Narcos impose terror on (Chilean) poor and marginal inhabitants"

Msnica Gonzlez, international columnist of leading "Clarn," writes (09/13) "... Yesterday's (murder of a police officer) was the culmination of a confrontation among drug dealing gangs that took advantage of social protests and the commemoration of the day on which Chile buried its democracy in 1973 to strengthen their territorial domination. As happened in Brazilian 'favelas,' drug traffickers, which are embedded in the ring of poverty surrounding Santiago, want to impose their power on other gangs, so later, through violence, keep police off their streets intending to win over the poor residents with fear and the carrot: distributing food and work for women and youth as small drug distributors. The terror of delinquents has today replaced the terror that Pinochet's secret squads imposed in the past... The police officer killed yesterday was victim of an ambush in which one patrol was hit by crossfire from three different directions. It is either the beginning of a second phase of power clashes among drug dealers or the rise of an extremist group seeking a place among the three million Chileans who make less than five hundred dollars per month."

- "The French president criticizes Argentina"

Luisa Corradini, columnist of daily-of-record "La Nacisn's" "Economy & Business" supplement, writes (09/13) "French President Nicolas Sarkozy warned Argentina and other emerging powers, such as Brazil, China and India, that they should accept 'the duties of powerful countries' if they want 'the same rights' as powerful countries."

"He said: 'France demands reciprocity, France demands balance. France demands preferential treatment for the community.' Sarkozy warned that he would oppose every Doha Round agreement at the WTO that 'is against French interests.' In the framework of the Round, wealthy countries claim that developing countries should further open their industries to international competition in return for a reduction in agricultural protectionism (which consists of farm subsidies and import tariffs)."

"Sarkozy's statement... is particularly important because it is a turning point in French agricultural policy. He announced that during the EU French presidency in the second half of 2008, he would open a 'discussion' aimed at establishing a new Common Agricultural Policy (CAP).

"... Sarkozy said he wants the upcoming common agricultural policy to be defined on the basis of 'an unquestionable principle of community preference.' This means that in the event the other 26 EU countries accept his opinion, Europe will reinforce its protectionist arsenal to promote its production."

- "Gone with the wind"

Business-financial "El Cronista" carries an opinion piece by Agustín A. Monteverde, an economist from M&A Inc., who writes "... At the first signs of a world financial crisis, many analysts maintained that (Argentina's) fiscal situation, trade surplus, reserves and relative isolation could protect the country.

"Our assessment was that those supposed strong points are instead vulnerabilities.

"... The fact that Argentine debt has been the most punished in the region during recent weeks revealed that the alleged strong points were an illusion. The country's debt default, judicial insecurity, frozen prices, manipulated inflation rate... as well as its refusal to honor commitments to holdouts are factors that weigh negatively with investors.

"In view of deteriorated fiscal conditions, and in light of historical experience, the people have again purchased dollars because they anticipate that the structural increase in public expenditures could be liquidated through a new devaluation.

"Interest rates, the dollar value and the increasing inflation rate

make up a menacing scenario for the country's public debt... And, if the bond slump is prolonged, the solvency of the financial system will be endangered - 30 percent of its portfolios are exposed to government risk."

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